



# Memorandum

**TO:** CITY COUNCIL/REDEVELOPMENT  
AGENCY BOARD/CITY OF SAN JOSÉ  
FINANCING AUTHORITY BOARD

**FROM:** Mayor Chuck Reed

**SUBJECT:** FINANCING PLAN FOR SERAF  
PAYMENT

**DATE:** April 29, 2011

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**APPROVED:** *Chuck Reed* **DATE:** 4/29/11

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## RECOMMENDATIONS

1. Approve staff recommendations regarding a financing plan to fund the Agency's \$12.8 million payment to the Supplemental Educational Revenue Augmentation Fund (SERAF) on May 10, 2011.
2. Direct the Executive Director to focus the work of the Agency beyond July 1, 2011 on the following core services:
  - a. Meet contractual obligations;
  - b. Retain and attract driving-industry companies and jobs; and
  - c. Invest in programs and projects that generate tax increment revenues.
3. Direct the Executive Director and City Manager to develop a plan for the City to handle all other support services for the Agency.
4. Direct the Executive Director and City Manager to report back for Council/Board approval with a series of budget principles and reforms that will guide the Agency in the future, modeled around City budget principles.
5. Direct the Executive Director and City Manager to designate staff to work with representatives of the San José State University Research Foundation to develop a transition plan for the Incubator Program before the Agency's lease obligations expire.

## BACKGROUND

Funding the State mandated \$12.8 million SERAF payment on May 10, 2011 is the right action to take to maintain financial investor confidence in San José and to keep our successful programs in job creation and affordable housing generation in place.

For the better part of the past three years, we have been negatively impacted by actions in Sacramento, the deep local recession, and the drop in assessed values that have significantly threatened the Agency's ability to operate. We must focus the Agency's significantly reduced staffing and funding capacity on generating jobs and tax increment, meeting our obligations, and establishing budget principles for the future. If the State decides to terminate redevelopment agencies, we will have to reconsider how the work gets accomplished. To that end, City and Agency staffs have been preparing a contingency transition plan.